



1Q15/16 Performance Review

23 July 2015

Forward Looking Statements

This presentation may contain forward-looking statements regarding, among other things, the Company's outlook, business and strategy which are current as of the date they are made. These forward-looking statements are based largely on the current assumptions, expectations and projections of the directors and management of SATS about our business, and the industry and markets in which we operate. These statements are not guarantees of SATS' future performance and are subject to a number of risks and uncertainties, some of which are beyond the Company's control and are difficult to predict. Future developments and actual results could differ materially from those expressed in the forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will prove to be accurate. SATS does not undertake to update these forward-looking statements to reflect events or circumstances which arise after publication.



Agenda

- Executive Summary
- Operating Statistics
- Group Financial Review
- Outlook

Executive Summary

- Group revenue declined 4.2% amid challenging environment
- Margins continued to improve with cost management and productivity drive
- Higher share of after-tax profits from both food and gateway associates/JVs
- One-off net gain of \$2.5M on transfer of food distribution business to SATS BRF Food
- PATMI rose 14.5% to \$49.6M
- EPS rose 15.4% to 4.5 cents
- Strategy of driving productivity through scale and connectivity progressing well



Operating Statistics

Operating Statistics for Singapore Aviation Business

	1Q15/16	1Q14/15	Change (%)
Passengers Handled ('M)	10.04	10.69	(6.1)
Flights Handled ('000)	30.15	33.17	(9.1)
Unit Services Handled ('000)	27.10	28.30	(4.2)
Cargo/Mail Processed ('000 tonnes)	390.10	388.39	0.4
Gross Meals Produced ('M)	6.65	6.47	2.8
Unit Meals Produced ('M)	5.24	5.11	2.5



- * The above aviation operating data cover Singapore operations only.
- * Except for unit and gross meals produced, all data include LCC operations.

Group Financial Review



1Q15/16 Highlights

Revenue

\$416.9M -4.2%

- Decline in food solutions revenue (-8.2%) was mitigated by higher gateway services revenue (+2.0%).

Operating profit

\$44.0M 10.8%

- Lower expenditure (-5.7%) contributed to improved operating profit. Reductions reported across all expense categories except for depreciation and amortisation.

Share of results of Associates/JVs, net of tax

\$12.8M 23.1%

- Profit contributions from both food and gateway associates/JVs grew y-o-y.

PATMI

\$49.6M 14.5%

- EPS increased from 3.9 cents to 4.5 cents.
- Free cash flow generated was \$21M.



1Q15/16 Financials

\$M	1Q15/16	1Q14/15	Favourable/ (Unfavourable) Change (%)
Revenue	416.9	435.2	(4.2)
Expenditure	(372.9)	(395.5)	5.7
Operating Profit	44.0	39.7	10.8
EBITDA	62.2	56.5	10.1
Share of Results of Associates/JVs, Net of Tax	12.8	10.4	23.1
Impairment of Assets Held for Sale	-	(0.1)	n.m.
Net gain from transfer of business to a JV	2.5	-	n.m.
PBT	59.9	49.0	22.2
PATMI	49.6	43.3	14.5
<i>Underlying Net Profit*</i>	<i>47.1</i>	<i>43.4</i>	<i>8.5</i>

n.m. – not meaningful

* *Underlying net profit refers to profit attributable to owners of the Company excluding one-off items – net gain from transfer of business to a JV and impairment loss on carrying value of Assets Held for Sale.*

Financial Indicators

%	1Q15/16	1Q14/15	Change (ppt)
Operating Margin	10.6	9.1	1.5
EBITDA Margin	14.9	13.0	1.9
PBT Margin	14.4	11.3	3.1
PATMI Margin	11.9	9.9	2.0
Underlying Net Margin	11.3	10.0	1.3

	1Q15/16	1Q14/15	Change (%)
EPS Based on PATMI (cents)	4.5	3.9	15.4

	30 JUN 15	31 MAR 15
NAV Per Share (\$)	1.34	1.30
Debt-to-Equity Ratio	0.07	0.07

Overall, margins and EPS have improved.

Group Segmental Revenue

\$M	1Q15/16	1Q14/15	Change (%)
By Business:			
Food Solutions	241.1	262.7	(8.2)
Gateway Services	174.7	171.2	2.0
Corporate	1.1	1.3	(15.4)
Total	416.9	435.2	(4.2)
By Industry:			
Aviation	342.8	352.4	(2.7)
Non-Aviation	73.0	81.5	(10.4)
Corporate	1.1	1.3	(15.4)
Total	416.9	435.2	(4.2)
By Geographical Location:			
Singapore	350.5	355.9	(1.5)
Japan	48.6	59.1	(17.8)
Others	17.8	20.2	(11.9)
Total	416.9	435.2	(4.2)

Revenue mix between Food and Gateway unchanged at 60:40.

Group Expenditure

\$M	1Q15/16	1Q14/15	Favourable/ (Unfavourable) Change (%)
Staff Costs	200.1	203.9	1.9
Cost of Raw Materials	75.9	85.3	11.0
Licence Fees	17.0	19.4	12.4
Depreciation & Amortisation	17.3	16.9	(2.4)
Company Premise & Utilities Expenses	29.4	30.9	4.9
Other Costs	33.2	39.1	15.1
Group Expenditure	372.9	395.5	5.7
Group Revenue	416.9	435.2	(4.2)

Operating expenditure declined at a faster rate than the drop in revenue. Lower cost of raw materials was due to better sourcing and in line with lower food solutions revenue.

Associates/JVs Performance by Business

\$M	1Q15/16	1Q14/15	Change (%)
PAT	12.8	10.4	23.1
Food Solutions	2.6	1.2	116.7
Gateway Services	10.2	9.2	10.9
Dividends Received	17.6	18.1	(2.8)

AISATS, AAT, BAIK, MIC and PT JAS together contributed approximately 80% of our share of after-tax profits from associates/JVs.

Both food and gateway associates/JVs continue to show strength.

Group Balance Sheet

\$M	As at 30 JUN 15	As at 31 MAR 15
Total Equity	1,553.3	1,517.6
Long-term Loans	86.1	89.7
Other Long-Term Liabilities	65.9	66.6
Current Liabilities	353.1	345.8
Total Equity & Liabilities	2,058.4	2,019.7
Fixed Assets & Investment Property	545.4	558.7
Associated Companies & JVs	484.3	464.8
Intangible Assets	162.8	165.5
Other Non-Current Assets & Long-Term Investment	39.8	38.0
Current Assets		
<i>Cash & Short-Term Deposits</i>	467.6	410.9
<i>Debtors & Other Current Assets</i>	358.5	381.8
Total Assets	2,058.4	2,019.7

Cash & short-term deposits increased mainly due to higher cash generated from operating activities, dividends from associates/JVs and proceeds from exercise of share options.

Group Cash Flow Statement

\$M	1Q15/16	1Q14/15	Difference
Net Cash From Operating Activities	26.9	45.3	(18.4)
Net Cash From Investing Activities	10.4	5.5	4.9
Net Cash From Financing Activities	1.9	4.2	(2.3)
Net Increase In Cash & Cash Equivalents	39.2	55.0	(15.8)
Cash & Cash Equivalents At End Of Financial Period	467.6	395.1	72.5
Free Cash Flow*	21.0	31.1	(10.1)

Net cash from investing activities was higher due to lower capital expenditure, partly offset by lower dividends from associates and net investment in SATS BRF Food.



* Free Cash Flow refers to net cash from operating activities less cash purchases of capital expenditure.

Outlook



Outlook

Competition between airlines in Asia continues to be intense amid relatively low growth in air traffic in the near term.

Despite slower economic growth and rising manpower costs, the structural growth prospects of Asia remain strong with rapid urbanisation and growth of the middle class.

The Group is well-positioned to capture these opportunities. We are progressing well with our strategy of driving productivity through scale and connectivity, and launching new ventures that will support our future growth.



END